

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION BY THE PUBLIC SERVICE)
COMMISSION OF THE APPLICATION OF THE)
FUEL ADJUSTMENT CLAUSE OF EAST) CASE NO. 96-522
KENTUCKY POWER COOPERATIVE, INC. FROM)
NOVEMBER 1, 1994 TO OCTOBER 31, 1996)

O R D E R

IT IS ORDERED that East Kentucky Power Cooperative, Inc. ("EKPC") shall file, within 20 days of the date of this Order, the original and 5 copies of the following information with the Commission, with a copy to all parties of record. Each copy of the data requested should be placed in a bound volume with each item tabbed. When a response requires multiple pages, each page should be indexed appropriately, for example, Item 1(a), page 2 of 4. With each response, include the name of the witness who will be responsible for responding to questions related thereto. Careful attention should be given to copied material to ensure that it is legible. Where information requested herein has been provided along with the original data request, in the format requested herein, reference may be made to the specific location of said information in responding to this information request.

1. a. Has EKPC filed a tariff with the Federal Energy Regulatory Commission which covers its provision of transmission services?

b. If yes, provide this tariff.

2. Refer to EKPC's Response to the Commission's Order of November 14, 1996, Item 12 at 50 - 73.

a. For all sales transactions, list and describe the charges which are included in the column labelled "Other Charges (\$)."

b. Is a portion of the charges listed in "Other Charges" intended to reimburse EKPC for line losses incurred during the transaction?

c. If the response to Item 2(b) is yes,

(1) For each sales transaction, list the portion of the charge attributable to line loss.

(2) Describe how this amount was determined. Show all calculations and state all assumptions used to make this determination.

3. How does EKPC determine the fuel cost component of each intersystem sale?

4. a. For each sales transaction listed in EKPC's Response to the Commission's Order of November 14, 1996, Item 12 at 50 - 73, state the line loss associated with that transaction.

b. If EKPC is unable to determine the line loss for each transaction listed above,

(1) State the average line loss which EKPC incurs when making an intersystem sale.

(2) How was this average determined? Show all calculations and state all assumptions used to make this determination.

5. To determine monthly fuel costs (F)(m), Administrative Regulation 807 KAR 5:056, Section 1(3)(d), requires EKPC to subtract from its cost of fossil fuel the "cost of fossil fuel recovered through intersystem sales."

a. Does EKPC's determination of the "cost of fossil fuel recovered through intersystem sales" include the cost of fossil fuel related to intersystem sales line losses incurred when making intersystem sales?

b. (1) If yes, how is this cost included?

(2) If no, why is this cost not included?

6. Refer to EKPC's Response to the Commission's Order of November 14, 1996, Item 12 at 50 - 73. Define the following terms which are used to describe intersystem sales transactions:

a. Repackaging

b. Other

c. Non-Displacement

d. Economy

e. Backup

f. Short Term

7. For each statement below, state whether EKPC agrees. If EKPC does not agree, explain why.

a. Kentucky ratepayers should not pay through a fuel adjustment charge any fuel costs directly related to intersystem sales.

b. To sell another electric utility 100 Kw of electric energy, an electric utility is required to produce more than 100 kw of electric energy. The difference between

the amount of energy sold to the purchaser and that produced for the sale usually represents line loss (i.e., the cost of transmitting the energy from the point of generation to the point of sale).

c. Allocation of fuel costs associated with intersystem sale line losses requires Kentucky retail ratepayers to subsidize an electric utility's intersystem sales.

d. Administrative Regulation 807 KAR 5:056 requires EKPC to include fuel costs associated with intersystem sale line losses in the calculation of fuel costs related to intersystem sales which are deducted from EKPC's total fuel costs. Any failure to make this inclusion would result in an understatement of EKPC's intersystem fuel costs and an overstatement of the fuel costs recoverable through EKPC's fuel adjustment clause.

Done at Frankfort, Kentucky, this 28th day of May, 1997.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:


Executive Director